

Pragati

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The Indian
National Interest
Review

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Contents

PERSPECTIVE

- 2 The unkindest cut** *Salil Tripathi*
The loan waiver keeps poor farmers where they are
- 4 Waiver of mass debt** *Vijay Mahajan*
How that money could have been used to really change lives
- 6 Concerning senior citizens** *Mukul G Asher & Deepa Vasudevan*
Budget 2008-09 and the implications for a greying population
- 8 Waiting for modernisation** *Sushant K Singh & Nitin Pai*
The dismal state of long term defence procurement planning
- 10 Letters**
On the arms race in outer space

FILTER

- 11 Foreign aid to Afghanistan; Water and climate change**

IN DEPTH

- 12 Dealing with China's power projection** *Harsh V Pant*
A rising China will not tolerate a rising India as a peer competitor

ROUNDUP

- 15 It matters what generals say** *K S Madhu Shankar*
The army chief's worrying remarks on the India-China border
- 16 Options in Sri Lanka** *T S Gopi Rethinaraj*
And the risk of Sri Lanka falling sway to outside powers
- 18 New language formulas** *Sujay Rao Mandavilli*
From an unsatisfactory compromise to a liberal decentralisation

BOOKS

- 21 Tagore in China** *Stephen S Hay*
Edited excerpts from *Asian Ideas of East and West*

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Pragati

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RURAL DEVELOPMENT

The unkindest cut

The loan waiver keeps poor farmers where they are

SALIL TRIPATHI

THERE WAS a time when Manmohan Singh was an economist. He understood the basic rules economics imposes: that there is no such thing as a free lunch; that lenders of last resort can create a moral hazard; that even if there are unlimited wants, as there always are, the means are always limited; that societies must make choices between different wants, and in that process must give up something in order to get something else. And, that you cannot throw good money after bad.

Economic prosperity creates an illusion, and in the Indian case, a decade and a half of economic growth has created the illusion that India is a rich country with unlimited resources; and if some Indians are going through hard times, the state can bail them out at no cost to itself or to other Indians.

The bailout of farmers at a cost of Rs 600 billion—and counting—is one such spectacularly bad move. It is wrong on many counts, but it is worthwhile recalling them, if only to remind our-

selves how easy it is for even a good economist to become a bad politician.

The immediate provocation for the largesse is outwardly humanitarian: there has been a spate of reports from the countryside which show that thousands of farmers in certain states have taken their lives, ostensibly because they are unable to repay debt to moneylenders. Media reports have given vast publicity to the relentlessly tragic flow of stories from rural India—in particular, parts of Andhra Pradesh and Maharashtra—of farmers' suicides. The distinguished journalist, Palagummi Sainath, has written extensively on the topic, and last year, won the Ramon Magsaysay Award for journalism, literature, and creative communication arts.

Critics of economic reforms have seized on these stories to claim that these deaths provide proof, if proof was needed, that economic liberalisation has helped only the urban elite. It is sup-

This largesse is flawed because it views India in stasis. It fails to address the central problem of disguised unemployment” people pretending to be farmers.

posed to have widened economic inequalities, and farmers, who have not benefited from the reforms, finding no way out of their cycle of poverty, are taking the ultimate way out.

This narrative has flaws at many levels: farmers are not the only sub-group in India prone to committing suicide. Indeed, on a per capita basis, urban graduates, including students at Indian Institutes of Technology, women unable to marry men of their choice, and students failing public examinations, are all likely to commit suicide, and in some particular sub-groups, the proportion of suicidal individuals may well exceed suicidal farmers.

There is also statistical evidence to show that over the past 15 years, India has in fact lifted a large number of people out of absolute poverty, and the percentage of Indians below the poverty line in 2001 is smaller than its counterpart in 1991. If economic growth has been uneven, why have the poor in other pockets of poverty not taken their lives in such numbers? In any case, the Gini coefficient, which measures income inequalities across the country, does not show any appreciable worsening over the past 15 years, compared to previous periods.

But even if we were to accept that every death is a tragedy, and every suicide all the more so, in that a suicide indicates desperation, despondency, depression, and a perception of failure of dreams, it is impossible to conclude that there is a discernible pattern in the suicides. Genetically modified cotton? Farmers in Gujarat plant it, and are prospering; so why does that process not repeat itself in Vidarbha or Andhra Pradesh? If a farmer kills himself because his brother cheats him out of his share of land, can that be blamed on economic reforms? If lower-caste farmers are unable to access irrigated water, because other castes, living closer to the source of the check dam have cornered the supply of water, is it the fault of neo-liberalism? Are more farmers committing suicides, or is there better reporting now?

If the aim of the UPA government's loan write-off package was to stop suicides, that hasn't happened: since the budget speech another 200 farmers have apparently committed suicide, according

to an activist organisation in Nagpur which keeps track of suicides. (And it says something of the macabre nature of such activism, that the media-savvy NGO loses no opportunity in informing journalists around the world each time another farmer takes his life, but it does not appear to have invested in recruiting even volunteer psychotherapists or social workers, who might wean farmers from their despair.)

And of course it would not, because the debt relief is designed such that it will only help farmers who have debts of a certain size, and the beneficiaries of the largesse won't be cash-strapped farmers, but co-operative banks with weak balance sheets, who have given tens of millions of rupees in loans to farmers, and which are otherwise likely to go under. Established banks in the state and the private sector have limited exposure to the farm sector, and co-operative banks which do lend to medium-sized farms are also often the basis of political patronage in many states. Go figure.

The largesse also destroys India's credit culture. It penalises those who were foolish enough to repay loans on time, and rewards those who gambled that they won't have to pay back. Worse, first the compensation of Rs 100,000 to the survivors, and now the write-off, have created perverse incentives encouraging farmers to avoid repaying, or taking their lives. If a farmer looks at the parched land in front of him, the bleak, sun-baked landscape, his starving family, and his emaciated animals, if he were to calculate his lifetime's earnings, and compares that with the net present value of 100,000 rupees for his family, if he is depressed, he may feel tempted to take his life. Cruel though it might sound, it might even seem like an economically rational choice.

In the end, the largesse is flawed because it views India in stasis. It fails to address the central problem of Indian farming: that there are too many people pretending to be farmers, who are in what economists can only call disguised unemployment, who try to eke out a living on ever-dwindling plots of land, which are poorly irrigated, if at all, and remain dependent on the vagaries of the monsoon.

The loan write-off is designed to keep farmers where they are: on small land-holdings, where often their only source of regular income is labour at the farm of a bigger farmer with a larger land-holding. Such waged labour is often a better guarantor of income than the farmer's own plot. And the reason for that is not far to seek: the plot is too small to be economically viable, and it is simply not productive enough to yield crop that can provide the wealth that can allow the farmer to invest

in better fertilisers, technology, or irrigation on his plot. You can empower that farmer by giving him a mobile phone and access to the latest prices from the *mandi*—but to sell his product at the right price, he needs labour, transport, roads, and access to the market, and the small marginal farmer has no such access. Every farmer is probably hard-working, but every farmer is not, and cannot be, an entrepreneur or speculator. And yet, Indian agriculture requires him to become one. And he ends up being an object of pity and charity.

In the name of supporting "sustainable livelihoods" on a small scale, activists, leftists, and certain NGOs glorify the small farmer, insisting that his life must not be changed, and large corporations be kept out. How inhuman that solution can get! What the farmer needs is access to better technology, investments, capital and infrastructure. Those tools cannot be provided on a small scale: to do that, Indian agriculture needs to be radically transformed, with agri-businesses allocating resources to substantially increase farm productivity. It will mean farmers could cease being "owners of their destiny" and become employees of corporations, helping till the land, harvest the crop, sort it, package it, and even work in supermarkets. It will also mean some farmers won't have farming jobs anymore; they will end up becoming part of ancillary industries. There's nothing embarrassing about it: one of the real successes of China's trans-

formation has indeed been the so-called town-and-village enterprises (TVEs) which absorbed surplus labour from the farms and offered them better employment opportunities.

In the longer run, that is the only way out: no prosperous country in the world has a large proportion of its workforce engaged in agriculture. In the United States, one of the biggest producers of many agricultural commodities, the figure is less than one percent. In India, some 60 percent of the people call themselves farmers. Over the past 50 years, not only has the share of agriculture as a proportion of India's gross domestic product declined steadily, its agriculture growth rate, between 1970 and 2000 has never exceeded 3 percent a year, compared to the double-digit growth rates of industry and services.

Survey after survey has shown that two-fifths of the farmers, if given a choice, would prefer to do something else. Migration from rural areas to cities continues. And the face of the Indian farmer continues to look more like the heart-broken Shambhu in *Do Bigha Zameen*, and not the all-singing, all-dancing Bharat of *Upkar*. If Shambhu's children want to work in cities, as car mechanics, at call centres, or indeed, as software engineers, why should anyone stop them?

Salil Tripathi is a writer based in London.

RURAL DEVELOPMENT

Waiver of mass debt

How that money could have been used to really change lives

VIJAY MAHAJAN

IRAQ WAS attacked by the United States and Britain on the basis of a fictional threat—WMD, or weapons of mass destruction. We have seen the results of that lie, with shock and awe. India's WMD is less costly—Rs 600 billion, or only \$15 billion—but is based on similar half-baked analysis of half-truths, and well designed to benefit those behind it—in our case 'Pawar-ful' large commercial farmers.

According to the National Sample Survey, 59th Round, 2004-05, 51.4 percent of the farmer households in the country did not access credit, either

from institutional or non-institutional sources. Further, despite the vast network of bank branches, only 27 percent of total farm households had any loans from formal sources (one-third of these also borrow from informal sources), while 73 percent did not. Among the marginal farmer category, as many as 80 percent did not have any borrowing from formal sources.

So the finance and agriculture ministers must have known in advance that their generosity will only cover the upper quartile of farmers. Yet, if we go by the details, only those whose bank loans

were overdue on December 31st 2007, would get a waiver. So a big grape farmer in Nashik who had a bumper crop but was politically aware, and hence did not repay his loan, will get a waiver of Rs 100,000. But a poor rain-fed farmer in Vidarbha who has sold his less than normal yield cotton crop to the state monopoly cotton federation, at a lower than market price, will be deemed to have repaid his Rs 15,000 loan from the proceeds that he has yet to receive, and will not get the waiver.

There is no fig leaf to this pro big farmer loan waiver, as can be seen by the Reserve Bank of India's clarification that not only crop loans but also term loans for tractors and poultry farms will be covered by the waiver. To minimise backlash from

farmers, with imputed wages for family labour, farming does not even break even.

The same Rs 600 billion could have been used to drought-proof 60 million hectares of dryland at Rs 10,000 per hectare, which would permanently secure the livelihoods of at least 30 million poorer farmers in rain-fed areas. Dozens of successful examples exist of the rehabilitation of natural watersheds and traditional water storage structures, both by NGOs and government agencies. Part of the funds could also be used to rehabilitate the dilapidated canal irrigation systems, conditional on the states switching to participatory irrigation management.

Even if one were to accept that the loan waiver was aimed at gaining electoral advantage, it could have been done much more equitably and would have fetched more votes.

Recognising that the debt burden of small and marginal farmers is more from moneylenders and traders, a waiver should have been given for both bank and moneylender/trader loans. Given the difficulty of verifying these, the waiver could have been limited to Rs 5000 per hectare for farmers with irrigation, and Rs 2500 per hectare to rainfed farmers, with a cap of Rs 10,000 per farmer in both cases. Additional amounts from informal lenders could have been swapped for much lower cost bank loans, as has been tried in Andhra Pradesh by the "total financial inclusion" program of the Indira Kranti Patham project.

Further, to prevent leakage, the money could be credited to the bank accounts of farmers. This would also have created incentives for banks to open "no-frills" accounts for 50 million farmers who don't have bank accounts, as per the recently adopted national financial inclusion plan.

Rough calculations show that this alternate method would have benefited 100 million farmers, about thrice the number likely to be covered at the moment.

The one mystery is—why did the Left not argue in favour of a more equitable waiver? Have they lost interest in the agrarian vote bank after Nandigram? Or is it a deal which we will understand many years later?

Vijay Mahajan is a social entrepreneur and chairman of BASIX, a new generation livelihood promotion institution that supports rural households.

The current generosity will only cover the upper quartile of farmers. The same Rs 600 billion could have been used to permanently secure the livelihoods of at least 30 million poorer farmers in rain-fed areas.

those who did not get the waiver, in Andhra Pradesh, the chief minister has declared an additional 10 percent bonus payment to all farmers who sell their produce through regulated market yards—once again, the larger farmers.

Apart from the gross inequity in the name of small farmers, the loan waiver is particularly inept as it completely fails to address the underlying causes of the Indian agrarian crisis. These are, first, the dwindling size of land holdings. Second, the low percentage of irrigation, even protective irrigation; and where there is irrigation, tapering yields due to long years of mis-fertilisation and increasing levels of pesticide resistance.

Third, in rain-fed areas, absence of measures to cope with recurrent drought, no significant varietal improvements, nor any agricultural guidance to farmers.

Fourth, increases in input costs, coupled with lower relative prices for produce, and price fluctuation, has meant that agriculture is not very profitable even for commercial farmers. For small

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SOCIAL SECURITY

Concerning senior citizens

Budget 2008-09 and the implications for the greying population

MUKUL G ASHER & DEEPA VASUDEVAN

INDIA IS currently experiencing a demographic phase characterised by declining fertility rates and higher life expectancy. As a result India's population is ageing rapidly. The number of persons aged 60 and above will rise from 84.6 million in 2005 to 97.4 million in 2010, and to about 335 million in 2050. By 2050, nearly 20 percent of India's population will comprise of people over the age of 60 years. Simultaneously, the pace of ageing is rising. The life expectancy of a person at 60 years is currently about 18.5 years for women and 17 years for men. This is expected to grow as India's economy approaches US\$ 2 trillion from the current US\$ 1.1 trillion; per capita income approaches US\$ 2000 from current US\$ 1000; and living standards improve.

Even as the greying population increases, urban migration and changing social structures have reduced the old-age support traditionally provided by members of the extended family; while improved living standards have led to longer life spans. The United Nations projects that the share of urban population in India will increase from 30 percent in 2010 to more than 50 percent by 2045. This implies that urban population will be about 700 million by 2045. Thus, social safety nets in urban areas will require different design and competencies and will be more costly to provide.

The challenges of caring for a greying population are accentuated by the low coverage of current social security schemes. At present only about a fifth of the population is covered by at least one scheme; and a much smaller proportion of that segment is covered in a way that will provide relatively comfortable retirement.

The International Labour Organisation has estimated that about 140 million jobs will need to be created in India between 2005 and 2020. However, most of these will be informal in nature, implying that these jobs are not likely to have a formal employer-employee contract; nor offer affiliation to occupational pension schemes. These workers need secure and well regulated avenues for retirement savings.



In the medium term, there will be significant and growing numbers of elderly persons, largely without a formal employer-employee relationship, who will need financial resources in retirement for longer periods. Establishing a pension architecture which commands confidence of the population through its professionalism, transparency and accountable governance has therefore become an important priority for the country.

Potentially the New Pension Scheme (NPS) and the Pension Fund Regulatory and Development authority (PFRDA) can provide this support, but political opposition has held up the passage of the PFRDA bill in the parliament. The central government budget's silence on this matter suggests that necessary steps to legislate the bill will not occur until elections take place and a new government is formed.

The 2008-09 budget has, however, proposed modest measures to address the needs of the greying population. The proposals, if implemented effectively, could result in marginal improvement, but even this depends on professional competence and better governance of proposed new institutes. The record of the government in both these areas has not been reassuring. The budget speech did not elaborate on whether these requirements have

been recognised. This in itself is a discouraging sign.

The finance minister has proposed an outlay of Rs 4 billion to establish a National Programme for the Elderly in the current fiscal year; though details have not been specified. During the 11th plan period (2007-2012), it is proposed to establish two National Institutes of Ageing, eight regional centres, and a department for geriatric medical care in an appropriate medical institution in every state.

However, if the current incompetence (and the ruling rather than governing mindset) of the Ministry of Health is not addressed, and if these institutions are not provided needed autonomy, they are unlikely to contribute to addressing the problems.

Budgetary support for the Indira Gandhi National Old Age Pension Scheme (IGNOAPS) has been enhanced to Rs 34.4 billion, which represents a rise of almost 44 percent from 2007-08. The original Old Age Pension Scheme was expanded in November 2007 to include all persons over 65 years in the below poverty line (BPL) category, which resulted in an increase in coverage from 8.7 million to 15.7 million beneficiaries. The higher budget allocation is primarily expected to provide for these additional beneficiaries. A major design and implementation issue in India has been the identification of the BPL families. Given India's dynamic economy and rapid social change, the population which is poor will not be static but dynamic. The BPL concept does not take sufficient cognisance of this fact. This results in misdirection of assistance to the poor: some who should receive it do not, and some who should not, do. This issue deserves much more careful consideration than has been the case so far.

Under the IGNOAPS, the central government offers a monthly pension of Rs 200 to each eligible beneficiary. State governments are expected to match this amount, and ensure that the pension reaches the beneficiaries. Thus efficient functioning of this scheme depends on timely release of pensions, clear demarcation of responsibilities and accountability among the various levels of government involved in its implementation, and active efforts to generate awareness about the scheme.

Typically, the budget speech did not mention the number of states that have adopted IGNOAPS, nor did it indicate the progress of implementation since the widening of its scope last year.

The budget proposal to put in place a Central Plan Schemes Monitoring System (CPSMS), along with a decision support and management information system is designed to permit better monitor-

ing of schemes, including the IGNOAPS in the future. However, it raises questions about why so many schemes were set up (and so many have been expanded in this budget) before establishing such elementary assessment mechanisms to ensure effective use of public resources. Bringing accountability to governance of these schemes is a critical challenge at all levels of government. The UPA government's failure to make progress in administrative reform and restructuring is seriously constraining the effectiveness of these schemes.

A road map is needed to integrate the IGNOAPS into the overall pension system, rather than restrict it to persons below the poverty line. Scheme design and eligibility norms need to be reviewed to ensure that it continues to provide financial support to all the poorest elderly in the medium term. This is because the provident fund and individual savings may prove to be insufficient beyond a certain age. An integrated system must be in place to provide at least basic support to the very old (those above 75 years of age) when their savings are more likely to have been exhausted.

The tax proposals of the budget were positive for senior citizens, but inequitable and inefficient for the economy. The personal income tax threshold limit for those sixty five years and above was raised from Rs 195,000 to Rs 225,000; and tax benefits under Section 80C were extended to the Senior Citizens Savings Scheme of 2004. Exemption by gender or age introduce unnecessary complexity and inequities in the income tax. Ability to pay should be the only criterion.

A significant feature of the direct tax proposals was the clarification on reverse mortgages. A reverse mortgage product can be used to mortgage one's property in exchange for a lump sum or series of regular payments from the lender. The income generated by a reverse mortgage would depend on a valuation of the property. Thus senior citizens who are also house-owners can use this scheme supplement their financial inflows in old age. Reverse mortgages were notified by the National Housing Bank a year ago, following the 2007-08 budget. Subsequently several banks and housing finance companies launched such schemes, but demand has been constrained by a lack of clarity on tax issues.

The budget proposed to amend the Income Tax Act to the effect that a reverse mortgage would not amount to a capital transfer and hence not liable for capital gains tax; and further, that the revenue streams available under a reverse mortgage scheme would not be considered as income for tax

purposes. These clarifications are expected to increase the demand for reverse mortgages to some extent, though other barriers such as emotional attachment to property and desire to bequeath homes to children will have to be overcome before this scheme achieves greater popularity. Internationally, reverse mortgages have played only a marginal role in retirement financing.

All citizens of India, including the elderly, benefit from a budget that motivates sustainable growth, moderate inflation and prudent fiscal management. On these criteria, the 2008-09 budget hugely disappoints. Without high real growth, accompanied by commensurate employment generation, and moderate inflation, economic security can not be secured for either the young or the old.

This budget has cemented the UPA government's notoriety for believing only in politically motivated outlays, and not in obtaining outcomes or results in an efficient manner. The challenge of establishing a policy and governance framework for addressing the retirement needs of India's greying population in a sustainable manner is too urgent and serious to be ignored. The budget represents another missed opportunity in this regard.

Mukul G Asher is professor of public policy at the National University of Singapore. Deepa Vasudevan is a freelance researcher.

DEFENCE

Waiting for modernisation

The dismal state of long-term defence procurement planning

SUSHANT K SINGH & NITIN PAI

AFTER THE budget for 2007-08 was presented last year, defence minister A K Antony confessed that India's defence modernisation was 15 years behind schedule. He promised that "we will make sure that not a single rupee is left unspent" from the budget this year. More than Rs 42 billion of the defence budget has been returned unused this year; the complete unused amount coming from the capital expenditure.

It was not an aberration. In no year in the past decade has the defence ministry been able to spend its entire allocation. The shortfalls have been up to 10 percent of the allocation.

As expected, the defence budget for 2008-09 has crossed the Rs 1 trillion mark. After adjusting for inflation, this constitutes an increase of only 5 percent. For the first time since the early 1960s, India's defence outlay has declined to less than 2 percent of the gross domestic product (GDP)—a sign of the chasm between the rhetoric and reality on national security.

Inefficient budgeting and Byzantine procurement procedures are largely responsible for the annual surrender of funds by the defence ministry. An appreciation of defence capital expenditure is fundamental to understanding the persistent in-

ability of the defence ministry to spend the entire amount allocated to it.

The capital outlay on defence services caters to the expenditure incurred on building or acquiring durable assets. Items—such as infrastructure, major weapon systems and platforms—that cost at least Rs 1 million and have a life span of seven years or more are debited to the capital head.

In addition, a part of revenue expenditure covers capital items contributing to replacement or modernisation. A significant part of defence production by public sector units and research and development (R&D) expenditure, which assist in modernisation, is also reflected under the revenue head.

India's transformation into a middle-income country requires its Armed Forces to be more capital-intensive. Yet only around 10 percent of the defence budget is actually available for modernisation, compared with around 30-40 percent in developed countries.

This is because, firstly, almost three-fourths of annual capital allocation goes towards instalments for items acquired in previous years. Indigenous acquisitions—both from public-sector and some private firms—account for 40-45 percent of the



Raising a red flag

capital budget, leaving around Rs 280 billion for foreign acquisitions this year.

Secondly, nearly two-thirds of the amount for capital acquisitions from foreign suppliers, too, is pledged for assured and received deliveries. Payments for major defence purchases from foreign vendors are spread over a number of years. This year, India will pay instalments for earlier purchases such as the Sukhoi aircraft, the aircraft carrier *Gorshkov*, T-90 tanks, Talwar class frigates, Scorpene submarines and for many other smaller contracts. Thus, only Rs 80-90 billion (about US\$2 billion) is available for new acquisitions this year.

The initial down payment on new acquisitions is generally around one-fourth of the total cost. So, the defence ministry can theoretically sign contracts worth US\$8 billion for new equipment this year. Capital allocations for coming years will then have to cater for instalments of these acquisitions. Despite returning more than Rs 42 billion, the ministry will be asking for additional capital allocations this year; it justifiably believes that allocations already made will be largely used up by earlier contracts.

Defence modernisation is ostensibly based on a long-term integrated procurement plan (LTIPP) of the defence services. LTIPP for 2007-22, spanning the 11th, 12th and 13th Five-Year Plans, is scheduled to be approved by the Defence Acquisition Council by October 2009. Going by the past record, it doesn't signify much. The 10th defence plan was never approved by the finance ministry. And two years into the 11th Plan, it too has not been approved so far. Instead, the finance minister has

agreed to an annual increase of 10 percent during the 11th Plan.

The defence ministry is exempt from the fiscal discipline applicable to other ministries. In 2006, financial powers up to Rs 100 million for capital procurement were delegated to the three services. This was expected to cover nearly one-third of the procurement cases and expedite acquisitions. Even this has failed to prevent the annual surrender of unspent funds.

Clearly defence modernisation too is not suffering from a lack of outlays, but rather a lack of outcomes. After the Kargil conflict, the K Subrahmanyam commission had found that most items needed for that war "were affordable within the available outlays". Since then, a strong rupee has made foreign purchases less vulnerable to foreign exchange risks and capital budgets have increased. But procurement and prioritisation have held up acquisitions. The lack of an integrated defence headquarters prevents rigorous prioritisation and the order of charge on the budget.

Outcomes can match outlays only if greater emphasis and attention is given to the process of budget formulation and implementation, including forecasting, monitoring and control. Zero-based budgeting needs to be introduced for all ongoing schemes. Capital schemes should be included in the budgets of the services only if there is reasonable certainty of concluding the contract and making an initial payment within the year. The services should include only those schemes in LTIPP and annual procurement plans where technical and commercial evaluation, leading to contracting and initial payment, can be completed in the relevant fiscal year. Eventually, the form and content of budgetary classification has to expand to promote programme-based budgeting.

Unlike current focus on outlays for big-ticket purchases, a clear and coherent national policy has to underpin security outcomes.

Sushant K Singh is a resident commentator and Nitin Pai is editor of *Pragati*. Courtesy: *Mint* (livemint.com).

Letters

On the arms race in outer space

SIR—While developing an anti-satellite missile (ASAT) system might be good insurance and a future bargaining chip (“Securing space on the table”, by Adityanjee, *Pragati*, No 11 - February 2008), the first and most important thing is to keep pushing for an international treaty to ban weapons in space. Failure to do this will not only lead to a possible new Cold War. It can also render space inhospitable for peaceful technologies, an event that will be disastrous for countries that currently use satellites for commercial purposes like communications, weather forecasting and remote sensing.

In a new book on US attempts to weaponise and militarise space. Mike Moore, a previous editor of the *Bulletin of the Atomic Scientists*, documents how President Eisenhower made spirited efforts to stop an arms race in space. However, every administration since the Reagan administration has vetoed attempts by other space-faring countries to negotiate such treaties. China and Russia (and presumably India) have many more important problems to tackle and spend money on than building a space weapons capability. However, they can, and will, build this capability if they see the US constantly trying to do so.

The US in fact has a golden opportunity right now to preserve its superiority in weapons technology. The situation is reminiscent of early days of the nuclear arms race, when the US lost an exceptional opportunity to preserve its superiority over Russia in nuclear arms, because by right wing hawks and threat inflation specialists carried the day. Then Russia soon caught up it was too late. Similarly the US can seal its advantage in space by concluding an international space weapons ban.

Shooting down satellites is unfortunately easier than shooting down ballistic missiles. But as Moore points out in his book, one of the many effects of such an exchange will be an amplification of debris in low-earth orbit, debris that will likely make it impossible to use satellites for peaceful purposes, including missions to other planets in the solar system.

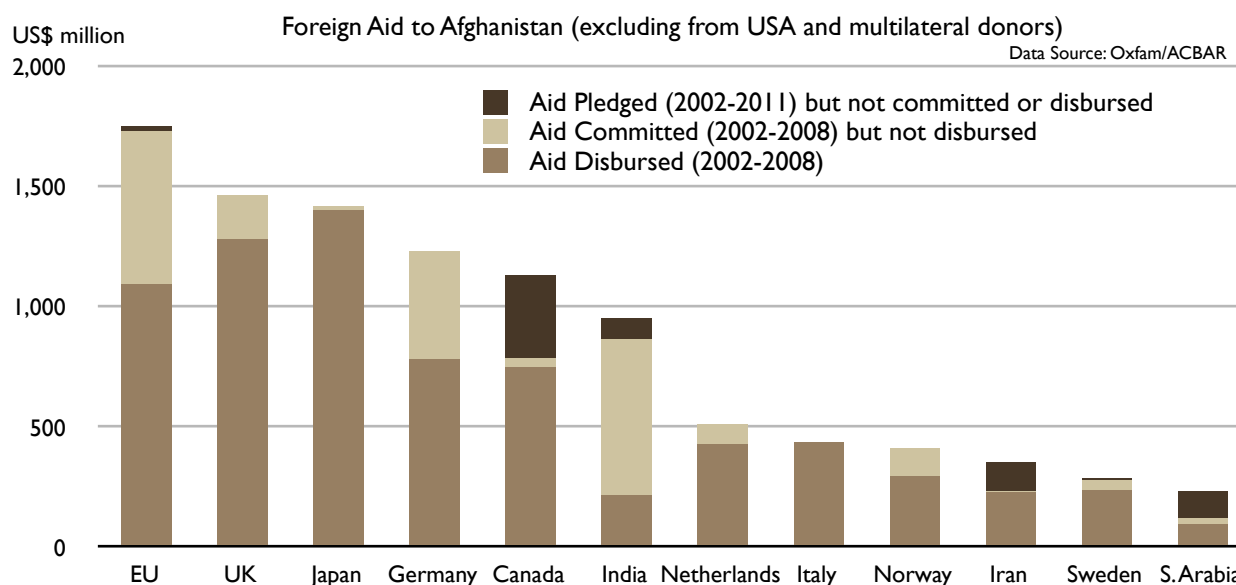
All space-faring countries would do well to push for an international treaty banning any kind of weapons in space. But sadly, it is the US again that is posing the biggest impediment to the forging of such a consensus. The next president should make it a priority to sign such a treaty. Any attempt by the US to develop a space weapons capability will lead to a dangerous arms race with Russia, China, India and others, involving huge expenditures and wasted efforts. It will contribute to an already deeply dividing feeling of international resentment and animosity. But perhaps most importantly, it will send out a signal that space, that ultimate refuge that is supposed to be the equal sovereign right of every human being on the planet, can be belligerently conquered and manipulated by a few nations.

Ashutosh Jogalekar
Atlanta

Adityanjee responds: Ashutosh Jogalekar presents some cogent arguments for early successful negotiations for preventing an arms race in space. This is indeed a laudable goal for all the space-faring nations. However, of the six space-faring nations (US, Russia, China, Japan, European space agency and India) currently, three nations (the US, Russia and China) already have demonstrated ASAT capabilities. In reality the race has already started.

Mr Jogalekar’s arguments do not consider India’s strategic interests. States negotiate international treaties not from an altruistic point of view but to further their interests. In fact, Mr Jogalekar contradicts himself when he justifies a space weapons ban so as to permanently freeze US superiority in space-warfare capabilities. A space weapons ban might arguably be in US interests—and analysts such as Ashley Tellis argue that it is not—but India should avoid being cast out of the league of ‘legitimate’ space powers.

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Aid shortfall

THERE IS an aid shortfall of \$10b—equivalent to thirty times the annual national education budget: donors committed to give \$25b aid since 2001 but have only delivered \$15b.

An estimated 40% of aid goes back to donor countries in corporate profits and consultant salaries—some \$6b since 2001.

Largely due to lack of co-ordination and communication, the Afghan government does not know how one-third of all aid since 2001—some \$5b—has been spent.

The US military spends close to \$100m a day in Afghanistan; yet the average volume of aid spent by all donors since 2001 is just \$7m per day.

Over half of aid is tied, requiring the procurement of donor-country goods and services.

Over two-thirds of all aid bypasses the Afghan government. According to the latest OECD figures less than 40% of technical assistance is co-ordinated with the government.

Only one-third of donor analytical or assessment work is conducted jointly.

Profit margins on reconstruction contracts for international and Afghan contractor companies are often 20%

and can be as high as 50%.

Most full time, expatriate consultants, working in private consulting companies, cost \$250,000–\$500,000 a year. - Matt Waldman, *Falling Short - Aid Effectiveness in Afghanistan*, Oxfam / ACBAR, March 2008

Water and climate change

FOUR HUNDRED million people—if it were a country, it would be the third largest in the world—rely on the Ganges River and its tributaries for their livelihood. Six thousand rivers provide a perennial source of irrigation and power to one of the world's most densely populated and poorest areas. The Himalayas, "the water tower of the Ganges," provide 45 percent of the annual flow. These facts represent the potential payoffs to the populations of Bangladesh, India and Nepal as well as the threat that climate change poses to poor and already vulnerable people of these countries.

Regulating water through reservoir storage in Nepal could potentially lower flood peaks and prevent the worst flood shocks in its own lowlands, the northern Indian states and Bangladesh. Nearly fifty million farmers could benefit from higher dry-season flows. Estimated

conservatively, Nepal sits on a hydropower resource of 83,000 MW. Meanwhile, its southern neighbour India, growing at over 8 percent a year, is thirsty for clean energy.

In the Rolwaling Valley, about 20 miles south west of Mount Everest, lies Tsho Rolpa, the largest glacial lake in Nepal, formed over the last 40 years as the Tarkarding glacier stagnated, melted and retreated. At about 4600m, the lake, which is over 3.2km long and up to 152m deep, continues to expand. An unstable natural moraine dam retains the lake. The current risk of the dam bursting is high. A catastrophic outflow could occur, devastating villages, farmlands, infrastructure and taking thousands of lives downstream. It is a harsh reminder that the Himalayas contain the largest body of ice outside the Polar Regions but also present the fastest glacier retreat of any mountain range, with potentially catastrophic consequences for the region, in particular in the dry season.

South of Kirme, along the Tama Koshi River lies the Koshi barrage. Built in 1964, the purpose of the barrage is to provide irrigation through manmade canals to India and Nepal (through the Western Koshi main canal). India

built the barrage on Nepali territory under a treaty signed in 1954 and still controls the opening of the 56 gates during the rainy season.

As David Grey, the World Bank's senior adviser on water resource management points out, Nepal's water assets are unique and world-class. It needs world-class capacity to manage them so that the country can have domestic prosperity, peace and growth. Nepal is also the lynchpin to regional co-operation and benefit-sharing, something that has eluded South Asia—the least integrated region of the world—in the past. Perhaps climate change can provide the much-needed trigger to opening this dialogue.

- Praful Patel, *Water, climate change and the poor*, End Poverty in South Asia blog, The World Bank, 4 Mar 2008

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FOREIGN POLICY

Dealing with China's power projection

A rising China will not tolerate a rising India as peer competitor

HARSHV PANT

EARLIER THIS month, China announced that its military budget for 2008 will increase by 17.6 per cent to about US\$58.8 billion. This was not really surprising as it follows a 17.8 percent increase in 2007 and double-digit increases in China's annual defence outlays most years in the last two decades. But what is causing concern in Asia and beyond is the opacity that surrounds China's military build-up, with an emerging consensus that Beijing's real military spending is at least double the announced figure.

The official figures of the Chinese government do not include the cost of new weapon purchases, research or other big-ticket items for China's highly secretive military, and, as a result, the real figure may be much higher than the amount revealed. From Washington to Tokyo, from Brussels to Canberra, calls are rising for China to be more open about the intentions behind this dramatic pace of spending increase and scope of its military capabilities.

Whatever Chinese intentions might be, consistent increases in defence budgets over the last several years have put China on track to not only become a major military power but the one most capable of challenging American dominance in the Asia-Pacific. While China's near-term focus remains on preparations for potential problems in the Taiwan Straits, its nuclear force modernisation, its growing arsenal of advanced mis-

siles, and its development of space and cyberspace technologies are changing the military balance in Asia and beyond.

A growing economic power, China is also concentrating on the accretion of military might so as to secure and enhance its own strategic interests. That's how great powers have behaved throughout history. The United States will try its best to preserve its own pre-eminence in the region. While the United States has been the regional hegemon in the Asia-Pacific since the end of the Second World War it has been preoccupied with its war on terror to pay significant attention to the region in recent years.

Traditional US allies have complained that they are no longer being heard in Washington. So when Robert Gates, the US defence secretary, visited a string of states in Asia last month, it sent a clear sign to China that the United States is back and has no intention of ceding strategic space to China. Mr Gates's trip to the Asia-Pacific underlined the continued US commitment to a region that is rapidly emerging as the locus of global politics and economics. China's rise, while offering opportuni-

ties to other regional states, is also unsettling other major powers in the region and beyond.

What is India doing to secure its own interests? India is the country that will be (and already is) most affected by a rising China. China has upped the ante on the border dispute. It protested against



Let us rise peacefully

Prime Minister Manmohan Singh's visit to Arunachal Pradesh as well as his speech there hailing Arunachal as the land of the rising sun for India. While this was in line with its claims to the entire territory of the state of Arunachal Pradesh, what has caught most observers by surprise is the vehemence with which Beijing has contested every single recent Indian administrative and political action in the state, even denying visas to Indian citizens from Arunachal Pradesh. The recent round of boundary negotiations has been a disappointing failure, despite the reluctance of the Indian government to say so for fear of offending their Communist allies. There is a growing perception that China is less than willing to adhere to earlier political understandings on how to address the boundary dispute.

There is also a growing alarm in India because of frequent and strident claims being made by China along the Line of Actual Control in Arunachal Pradesh and Sikkim. Foreign Minister

Americana extending well into the 21st century, at least until China becomes a middle-class society and, if present trends continue, the world's largest economy.

While the United States still remains the predominant power in the Asia-Pacific, the rise of China and India can no longer be ignored in the region. Japan is also getting back on track and also seems ready to shed its military reticence. The rise of China is a major factor in the evolution of Indo-Japanese ties as is the US attempt to build India into a major "balancer" in the region. Both India and Japan are also well aware of China's not so subtle attempts at preventing their rise.

Yet when the major focus of the Indian foreign policy should be on how to best deal with the dragon in its neighbourhood, the India's political elite is consumed by some hypothetical threat to India's strategic autonomy from the United States arising from the nuclear deal.

India's primary strategic challenge is to break out of the confines of the South Asian region. The only way this can be accomplished is by using the contemporary global balance of power to its advantage. This involves active and close cooperation with the United States as neither is interested in seeing the emergence of an aggressive China. Indeed, this was what China did during the Cold War when it broke with the Soviet Union, its Communist ally, and made its historic shift towards the United States. No one can credibly argue that China ended up becoming a junior partner. On the contrary, China used its unique position in the balance of power configuration to such effect that today it is on the verge of challenging the United States for global pre-dominance.

China has always viewed India as a mere regional player and has tried to confine India to the peripheries of global politics. But after the United States started courting India the Chinese rhetoric towards India underwent a slight modification. Realising that a close US-India partnership would change the regional balance of power to its disadvantage, China started tightening the screws on India. While it must be delighted to see the fate of the US-India nuclear deal being held ransom to the exigencies of Indian politics, it has further entrenched itself in the Indian neighbourhood. Boundary negotiations have hit a deadlock even as Sino-India competition for global energy resources has gained momentum. The development of infrastructure by China in its border regions with India has been so rapid and effective, and India's response lackadaisical. While China has continued to make claims on Indian territory with impunity, India remains diffident about playing the Tibet

Realising that a close US-India partnership would change the regional balance of power to its disadvantage, China started tightening the screws on India.

Pranab Mukherjee was forced to go on record that the Chinese army "sometimes" does intrude on its territory though he added that the issues are addressed through established mechanisms, whatever they might be.

While realising fully well that it would take decades to seriously compete with the United States for global hegemony, China has focused its strategic energies on Asia. Its foreign policy is aimed at enhancing its economic and military prowess to achieve regional hegemony in the region. China's recent emphasis on projecting its rise as peaceful is merely aimed at allaying the concerns of its neighbours lest they try to counterbalance its growing influence. China's readiness to negotiate with other regional states and to be an economically "responsible" power is also a signal to other states that there are greater benefits in bandwagoning onto China's growing regional weight than opposing its rise. China realises that it has thrived because it devotes itself to economic development while letting the United States police the region and the world. Even as it decries American hegemony, its leaders envision *Pax*

card vis-à-vis China. Despite the Dalai Lama offering a number of political concessions to China, Beijing has refused to meet even the most basic demands of the Tibetans. The repression in Tibet, in fact, is at an all time high as the latest crack-down on protests in Lhasa underscores.

China's vigorous promotion of regional economic interdependence, which some take as a sign of Chinese liberal world-view is actually aimed as a tool for power projection, something that would reinforce China's independence while helping it develop links with other Asian countries. This would involve regional arrangements that would not only promote Chinese power but would also marginalise the United States, Japan and India. China's encouragement towards the creation of groupings like the East Asian Community and the Shanghai Co-operation Organisation should be seen in this light, underpinned as they are by Chinese values and norms.

Indian policy towards China continues to be premised on the "liberal fallacy" that strategic problems will inevitably produce satisfactory solutions merely because they are desirable and in the interest of all. India views stable Sino-Indian ties to be in the interests of both China and India. It is indeed in the interest of China to have good relations with India at least in the short-term when it wants to devote its energies to economic development. But its policy for medium to long term is clear: establish its pre-eminence in Asia and contain India. Therefore there is no reason why India should allow China a free hand in shaping the strategic environment of the region.

Now there is nothing particularly sinister about China's attempts to expand its own influence and curtail India's. China is a rising power in Asia and the world and as such will do what it can to prevent the rise of other power centres around its periphery. It did so in the 1960s and it is doing so today. China's all-weather friendship with Pakistan, its attempts to increase its influence in Nepal, Bangladesh, and Burma, its persistent refusal to recognise parts of India, its lack of support for India's membership to the United Nations Security Council and other regional and global organisations, its unwillingness to support the US-India nuclear pact—all point towards attempts at preventing the rise of India as a player of major import. China has consistently and successfully pursued this strategy without any apologies.

There is also nothing extraordinarily benign in China's attempts to improve its bilateral relations

with India in recent times. After cutting India down to size in various ways, China would not like to see India coming close to the United States in order to contain China. In this geopolitical chessboard, while both the United States and China are using India for their own strategic ends, India has ended up primarily reacting to the actions of others. This is both because of a lack of adequate recognition of the forces that drive inter-

It is China's interests to have good relations with India in the short-term. But its policy for medium to long term is clear: establish its pre-eminence in Asia and contain India.

national politics in general and also an inability to come up with a coherent strategy towards China in particular.

A rising China will not tolerate a rising India as its peer competitor. Even if a rising India does not have an intention of becoming a regional hegemon, China will try its best to contain India as it has already done to a large extent. And it is this containment that India must guard against. China's intentions vis-à-vis India may seem entirely peaceful at the moment but that is largely irrelevant in the strategic scheme of things. India cannot have a foreign policy shaped by the assumed kindness of its neighbours. India cannot and should not wear rose-tinted glasses on Sino-Indian relations just because things seem to be going smoothly at present.

Harsh V Pant is a lecturer at the department of defence studies, King's College, London.

DEFENCE

It matters what generals say

The army chief's worrying remarks on the India-China border

K S MADHU SHANKAR



even after more than two decades and eleven rounds of border talks, China has refused to even submit maps clarifying their claim line in the Eastern and Western sectors of the Indo-Tibetan border. Meanwhile it continues to dispute the McMahon line which India along with the then independent Tibet had accepted as the international border nearly a century ago.

In the absence of a claim line from the Chinese side, it is hard to see how can there be a "differing perception" of where the Line of Actual Control actually lies. How can China's claim that Indian soldiers violate the LAC be justified if the

THE CHIEF of Army Staff, General Deepak Kapoor in a recent television interview opined that "the Chinese have a different perception of the Line Of Actual Control as do we—when they come up to their perception we call it an incursion, likewise they do."

Considering the very high status and respect that we in India accord the nation's armed forces when compared to the rest of the "corrupt, incompetent and undisciplined" civilian establishment this shocking statement, which betrays a lack of basic understanding of the history of the issue involved or either a deliberate attempt to mislead the concerned Indian public, went unchallenged. If the same statement had been made by someone other than the army chief—say the defence minister—there would have been a furore.

So it was left to Jaswant Singh, the leader of the opposition in the Rajya Sabha, to register a protest on the floor of the house. Mr Singh criticised General Kapoor for lowering the dignity of his office and noted that the borders were not a matter of perception but, rather, of determination.

General Kapoor's view that the incidents along the Line of Actual Control (LAC) are a mere matter of "differing perceptions" of the Indian and Chinese sides does not hold up to scrutiny. For one,

Chinese have not informed India of their claim?

China routinely protests against Indian activities in the region it claims. These range from the prime minister's Arunachal visit to the building of fibre-glass toilets near the LAC. If India had been quietly violating the line or claiming land to the north of it, it is difficult to believe that China would have remained silent about it.

So General Kapoor was clearly overdrawing from the huge account of public trust that the army has accumulated over the past several decades.

To pointed questioning regarding the improved infrastructure on the Chinese side which lets them to virtually drive a luxury car to their border posts, while Indian soldiers need to trek on foot or use mule transport, General Kapoor merely said that they were trying their best to match the Chinese side on infrastructure and logistics, and that it will take time. His body language clearly betrayed a sense of anxiety.

General Kapoor also virtually admitted to how under-prepared the Indian troops are to address the threat from China. When it was pointed out that the Chinese now have the means to move nearly two divisions to the Indian border at a short notice of 20-25 days rather than the earlier lead

time of 3-6 months, the general only insisted that the Indian Army is capable of countering it effectively even with the present infrastructure. He went on to say that in a critical time India will be able to track build-ups through satellite imagery. With Chinese advances in anti-satellite technology and reliance on information warfare it is unclear whether the Indian armed forces are really prepared for a scenario when this eye in the sky can be gone in a blink at a critical moment.

The army chief failed to reassure the public that the Indian armed forces are well-prepared to address a military challenge from China. The military balance along the border is undergoing a rapid transformation with China having upgraded its logistics capabilities manifold all along the 4,057 km LAC.

An important lesson from the 1999 Kargil War was the need for integrated command of the Indian Air Force (IAF) and Army. Yet almost a decade later, this has yet to happen. Back-peddalling politicians apart, it is essential that the military chiefs rise above inter-service rivalries and let the office of the chief of defence staff come into being. General Kapoor recognised the importance of technology and high ground when he said that he

would need the eye in the sky to track the movements of Chinese troops in the event of war. It is necessary to go beyond that. The Indo-Tibetan border where the Chinese hold the plateau while the Indian troops have to climb up from the foothills puts the Indian side at a natural disadvantage. Beyond better road building, it is a better strategy to introduce air power into the strategic posture. The IAF must be seen as an integral part of a strategy to take the offensive across the border into the Tibetan plateau.

Obviously, General Kapoor did not reveal details of India's plans and level of preparedness. No one expects him to do this. His television appearance was a failure on two important counts: first, his ill-advised remarks can hurt India's position in the border negotiations. Second, at a time when the world is worrying about China's opaque military build-up General Kapoor's remarks left Indians wondering if the armed forces are indeed as capable of defending the Himalayan borders as it is made out to be.

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FOREIGN POLICY

Options in Sri Lanka

And the risk of Sri Lanka falling sway to outside powers

T S GOPI RETHINARAJ

THE OVERARCHING goal of India's policy toward Sri Lanka since the 1950s was to prevent any hostile power getting a foothold in the neighbourhood. In line with this objective India pursued various policies—some of them at the expense of Sri Lankan Tamil interests—over the years to placate the Sinhalese leadership. This includes bartering away the citizenship rights of over 600,000 Tamils who had settled there during colonial times and acquiescence to racial discriminatory policies followed by successive Sri Lankan governments. Even the brief support to various Tamil militant groups by India in the 1980s was largely to confront the scheming ways of the Sinhalese leadership that undermined its regional status. As a result, India ended up antagonising various ethnic

groups in Sri Lanka.

India's current policy and approach towards ethnic crisis is mainly influenced by the fear that an independent Tamil Eelam will rekindle secessionist tendencies in Tamil Nadu. This view lacks credibility because the Tamils in India are at the forefront in asserting their national identity along with their ethnic-linguistic pride. India also seeks the military defeat of LTTE for various reasons, including its role in Rajiv Gandhi's assassination and Indian Peace Keeping Force (IPKF) debacle. But this overlooks several issues. Rajiv's assassination has left many unanswered questions that have not been probed further. Publicly stated evidence clearly implicates the LTTE; however, the possibility of the assassination being part of a larger con-

spiracy involving foreign intelligence agencies has not been investigated. The Jain Commission, which probed the assassination, made similar observations concerning the questionable conduct of some Indian politicians and middlemen before and after the tragic incident. And IPKF debacle was mainly due to the deception and double-gaming practised by Sri Lanka when India was trapped into fighting a bloody and protracted war.

India's Sri Lanka policy from the beginning also failed to appreciate the deeper historical roots of the ethnic conflict. The roots of current hostility between the Sinhalese and Tamils can be traced back to the intermittent wars between the Tamil and Sinhala kingdoms during the past several centuries. The Sinhalese leadership made this only worse by pandering to Sinhala Buddhist chauvinism after the British left the island in 1948. Starting from the propagation of a biased history in schools

would not have assumed violent proportions if the Sri Lankan Tamils had been treated as equal citizens by the Sinhalese. Even today very few outside of Sri Lanka are fully aware of the sophisticated form of an ethnic cleansing unleashed by the Sinhalese majority with state collusion. This long and bitter history makes rapprochement between the Sinhalese and Tamils even more difficult. Given these realities, what are India's policy options in the ongoing ethnic conflict?

It is increasingly becoming clear that India cannot afford to remain fixated on its past bitterness with the LTTE while crafting its response to the ethnic crisis. The current policy stagnation besides exacerbating the difficulties of Sri Lankan Tamils can also be detrimental to India's security in the long run. India's long time interest in making its southern frontier free from influence of external powers made Sri Lanka indispensable for this



An endangered species

(which showed Tamils as invaders and late settlers), to the discriminatory policies that severely disadvantaged the Tamils in education and jobs, and the subsequent violent government-led anti-Tamil pogroms, the ethnic conflict has gone through various phases.

The LTTE's conduct in the conflict also has its share of problems. It has put an entire generation of Tamils in Sri Lanka through immense hardship by persisting with the armed struggle, employing child soldiers, and systematically eliminating other Tamil groups. But one cannot also ignore the fact that the Sinhalese dispensation would have successfully subjugated the Tamils long ago in the absence of LTTE. In a sense the LTTE is both a source of strength and liability for the Sri Lankan Tamils in the ongoing conflict. After three decades of intense civil war the Sinhalese leadership is not mentally prepared for a fair political solution, even something along the lines of Indian federalism. It is quite a different story that the ethnic conflict

India's clout with Colombo will vapourise once the LTTE is defeated militarily. Why would the Sinhalese leadership care about India's sensitivities after obtaining a favourable military solution?

larger strategy. The Sinhalese leadership was quite adept in exploiting this Indian sensitivity over the years. During the Cold War there was some anxiety in India as Sri Lanka began building closer relationship with the United States. This was largely due to India's suspicion that Trincomalee would someday end up as a base for the US Navy. Such concerns are becoming increasingly irrelevant now in the light of closer defence co-operation between the United States and India. When Mumbai and Chennai offer better options for naval interoperability, why would the Americans need Trincomalee with a hostile population?

However, there are other potential sources of threat to India's southern frontiers. China's naval power projection capability currently doesn't extend beyond Taiwan. But as China grows and builds a stronger navy it can evolve as a major power in the Indian Ocean region through which large volumes of its imported commodities from Middle East and Africa must pass. China is al-

ready playing a major role in building ports and potential naval bases in some Indian Ocean littoral states as part of its “string of pearls” strategy, generating concerns in the Indian defence establishment. India formally extracted concession from Sri Lanka through the 1987 peace accord—currently in tatters—that Colombo will not allow any external powers in a way detrimental to Indian interests. It will be gross mistake if India believes that Sri Lanka will permanently adhere to this policy.

Sri Lanka has been building parallel defence co-operation tracks with China and Pakistan, and the island has been brimming with Chinese and Pakistani intelligence operatives for a long time. India has gone out of way to help maintain Sri Lanka's territorial integrity knowing well about these developments which can turn out to be a major security problem for the Indian Navy in future. India cannot allow this situation to persist while simultaneously putting pressure on the LTTE and providing military assistance to Sri Lanka. A credible case could be built that an independent Tamil Eelam will be—for ethnic-linguistic-religious reasons—friendlier towards India than the Sinhalese dispensation harbouring a deep contempt for India and its interests. India's current military assistance, understandably low-key for domestic reasons, comes at a time when some western countries have begun to take a more nuanced position toward the ethnic conflict in light of the gross human right violations committed by the Sri Lankan state against Tamils. Although LTTE is banned in

many countries there is also simultaneous realisation that any political solution ignoring the militant outfit will not be viable in the long run.

Keeping in view these long-term interests, India should review its policy and exert pressure on Sri Lanka to seek a political solution for the ethnic conflict. Ironically, India's own clout with the Sinhalese dispensation in Colombo will vapourise once the LTTE is defeated militarily. Why would the Sinhalese leadership care about India's sensitivities after obtaining a favourable military solution?

Unless India is able to lock the Sri Lankan government in a broad bilateral security relationship, the Sinhalese will have no qualms allowing China or Pakistan to get foothold in a way detrimental to Indian interests. This is the real danger of India's current detached policy, facilitating the military defeat of the LTTE. This view is of course not congruent with mainstream Indian thinking about the Sri Lankan ethnic issue. But if India were to take a hard-nosed view of long-term interests, a subtle shift in its position against the LTTE will go a long way in safeguarding the country's strategic interest in the Indian Ocean region besides securing the interests of ethnic Tamils in the island.

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LANGUAGE POLICY

New language formulas

From an unsatisfactory compromise to a liberal decentralisation

SUJAY RAO MANDAVILLI

MUMBAI SAW riots in February, instigated by Raj Thackeray, leader of the Maharashtra Navnirman Sena. The targets of his ire were impecunious migrants from Uttar Pradesh and Bihar. Amitabh Bachchan, who has roots in Uttar Pradesh and Chhat Pooja, a major festival among Biharis, fell victim to Mr Thackeray's verbal broadsides—the former for “taking more interest in Uttar Pradesh than in Maharashtra” despite having made his

acting career in Mumbai, and the latter because it supposedly provided a platform for politicians from the Hindi belt to display their political might.

Meanwhile Balasaheb Thackeray, his uncle, objected to the Congress Party's proposal that Hindi be made an official language of the Mumbai municipal corporation. He declared that the proponents should be put behind bars. An estimated 10,000 people left cities such as Mumbai and

Nashik on buses, trains and private vehicles. And then in March, in adjacent Karnataka, activists from the Karnataka Rakshana Vedike ransacked the office of an IT firm in Bangalore in protest against a poem written by one of its employees that disparaged the state language, Kannada.

The sons-of-the-soil theories and attacks on Indians from other states quite clearly violate the Constitution, which guarantees citizens the right to settle in any part of the country. They also run counter to the pan-Indian nationalist ideals of India's freedom struggle. What has gone wrong? Is parochialism gnawing away at India's vitals?

Indian cultures have interacted with each other since millennia. Indo-Aryan and Dravidian languages borrowed heavily from each other. Indian cultures share deep-rooted similarities in customs, traditions, attire, beliefs, religious and festivals. This process of interaction has continued throughout the ages, enriching every part of the nation.

Was the creation of linguistic states wrong?

Even before independence in 1947, there were several proposals to redraw state boundaries to correspond with language. Proponents began lobbying for a Telugu-speaking state in the early twentieth century. Sindh and Orissa became separate provinces during the colonial era. The concept of linguistic states existed much before the State Reorganisation Commission of 1953 recommended it as the guiding principle to be used while redrawing state boundaries. In 1949 B R Ambedkar had this to say on the question:

"One State, one language" is a universal feature of almost every State...Wherever there has been a departure from this rule there has been a danger to the State. India cannot escape (disintegration) if it continues to be a conglomeration of mixed States. The reasons why a uni-lingual State is stable and a multi-lingual State unstable are quite obvious.

A State is built on fellow feeling. What is this fellow-feeling? To state briefly it is a feeling of a corporate sentiment of oneness which makes those who are charged with it feel that they are kith and kin. This feeling is a double-edged feeling. It is at once a feeling of fellowship for one's own kith and kin and anti-fellowship for those who are not one's own kith and kin. It is a feeling of "consciousness of kind" which on the one hand, binds together those who have it so strongly that it over-rides all differences arising out of economic conflicts or social gradations and, on the other, severs them from those who are not of their kind.

Nehru, however, was opposed, as he was worried about the fate of linguistic minorities in linguistic states. But he was forced to give into to the

persistent demands of people like Potti Sriramulu who agitated for linguistic states.

Ramachandra Guha argues in his book *India after Gandhi* that the concept actually helped prevent Balkanisation of the country by allowing people of different cultures to flourish and at the same time identify themselves as Indians without any conflict between regional and national identity.

Hindi as the National language

In 1906, Mahatma Gandhi wrote in his book *Hind Swaraj* that adopting Hindi as the "universal language" for India, with the option of writing it in Persian or Nagari script would be necessary to drive the English language out of India in short order.

The ideal of Hindi as a "universal language" was dogmatically pursued immediately after independence and the creation of linguistic states—the simpler Hindustani was discarded in favour of heavily Sanskritised Hindi.

Examples of Hindi zealotry abound, and contributed in large part to the anti-Hindi agitation of the 50s and 60s. These resulted in the compromise of 1965 agreed upon by the Lal Bahadur Shastri government, when it was then decided that the use of English would continue. A three-language formula was developed and it was decided that English, Hindi and the local language would be taught.

This compromise has been unsatisfactory. Some non-Hindi speaking states have continued to oppose teaching Hindi, while no Hindi-speaking state has implemented the three language formula in its correct spirit, some choosing to teach a language like Sanskrit instead.

Hindi continued to be an important language, but the three-language formula led to three classes of Hindi speakers—those whose mother tongue and education was in Hindi in a Hindi-speaking state; those whose mother tongue was some other language, but attended a school whose medium of instruction was Hindi; and non-Hindi speakers who took Hindi as a second or third language.

English, on the other hand, came to be seen as a neutral language, offering no undue advantage to any regional group. In spite of this, politicians even in many non-Hindi speaking states abandoned English or greatly reduced its power. Nonetheless, the inconsistency between the policies followed in central and state governments, the incompatibility between language policies and the need to look elsewhere for job opportunities clearly triggered a demand for English. Several other factors led to a surge in the demand for Eng-



Market tongues

lish, among them being globalisation which strengthened the case for English as the language of global commerce, and the spread of computers and the Internet.

Most multilingual societies have had neutral link languages. Those that did not, such as Canada or Switzerland, have generally promoted multilingualism. An example of a link language is Sanskrit in ancient India, which was the *lingua franca* of the elite.

Wherever link languages were not neutral, they were never spread through force. Where force was applied, it could not engender unity. The language of a region within a country can never spread to other parts of the country "on its own" unless it satisfies the principle of mutual interest—somebody else must have some kind of a use for it. Hindi may have thus spread partly because of patriotism, partly because of migrations outside the Hindi belt, partly because people were taught it was the national language, partly because it may have been too difficult or time-consuming for a person to acquire knowledge in many Indian languages, partly because they did not have knowledge in English. It cannot provide a win-win proposition beyond all this.

In India most major centres of commerce such as Mumbai, Pune, Kolkata, Ahmedabad, Hyderabad, Chennai, Bangalore and Ludhiana are located outside the Hindi belt. English is the language of commerce within the subcontinent and remains popular among the elite.

In certain other cases, languages have spread because of acculturation, elite dominance and ethnogenesis. Such processes have typically operated very slowly taking centuries and have in many cases been coupled with some other unnatural events or human rights abuses. This is not the way a democratic country would like to promote national integration. Hindi, or some other lan-

guage cannot therefore replace English unless some unnatural event occurs.

The dynamics of language in India seem to have been understood even by supporters of Hindi. It is not uncommon for Hindi chauvinists send their children to English-medium schools even while restricting the spread of English among the public. The hypocrisy has been evident among other regional languages too. In the decade before liberalisation, politicians

in West Bengal, Andhra Pradesh, Karnataka and Tamil Nadu tried to restrict or delay the use of English in government-run schools, while ensuring that their own children went to private English language schools.

India's language policies have, therefore, not worked as intended. Clearly, they cannot. Instead they have been producing a series of counter-reactions, which historians may one day ponder over. If pushed through artificial means, they can only further destabilise the country.

Some alternative approaches

A recurring proposal to introduce Sanskrit as the neutral link language is not feasible because of the enormous effort involved, and also because Sanskrit is not as neutral as is claimed by its proponents. But there are a number of directions for a reform of India's language policies.

A decentralised approach is much likelier to work. Rather than impose Hindi, students could be given the choice of opting for any living Indian language (normally their mother tongue) in addition to the local language and English. Schools can decide to introduce languages depending on demand. This approach will lead to greater choice for students and a greater variety in the languages learnt.

The central government could set up a body to promote all Indian languages without prejudice, set up libraries and research institutes all over the country and translate international books particularly into all Indian languages. It is time for the central government to institute a committee to formulate a language policy for the twenty-first century India.

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IN EXTENSO

Tagore in China

The poet visited China 84 years ago this month.

STEPHEN N HAY

THE SPIRIT of China and the spirit of India merged in Tagore's mind into the spirit of Asia. Reminding his first Chinese audience (in Shanghai) of "the day when India claimed you as brothers and sent you her love" he called for a renewal of this relationship, which was

"hidden in the heart of all of us—the people of the East. The path to it may be overgrown with the grass of centuries, but we shall find traces of it still." Reopening "this path of friendship between India and China" could also bring together "our neighbours all over Asia." This pan-Asian revival would be purely spiritual, he insisted: "Asia is again waiting for such dreamers to come and carry on the work, not of fighting, not of profit-making, but of establishing bonds of spiritual relationship."

His ultimate ideal was a pluralistic world, bound not by political and economic ties, but by the mutual recognition of the diverse expressions of the human spirit. "For differences can never be wiped away, and life would be much the poorer without them. Let all human races keep their own personalities, and yet come together, not in a uniformity that is dead, but in a unity that is living."

Tagore delivered his major address (in Shanghai) on April 18, 1921 to over twelve hundred listeners in the auditorium of the Commercial Press. He had a message for China. What he had seen in one of her largest industrial centres made him fear for her future:

I feel that China is now going the same way as India. I love culture. I love life. I cannot bear to see Chinese culture endangered day by day. Therefore I sincerely warn you: know that happiness is the growth of the power of the soul. Know that it is absolutely worthless to sacrifice all spiritual beauty to obtain the so-called material civilisation of the West.

"Friends! The time has come! We must use all our strength to speak for humanity, to struggle against the nightmarish demon of matter. Do not surrender to his power. Bring the world

Excerpts

Asian Ideas of East and West

by Stephen N Hay
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to idealism, to humanism, and destroy materialism."

*

In Nanking the first order of business on April 20 was to call on General Ch'i Hsieh-yuan, the military governor controlling the region. Following the collapse of the Ch'ing dynasty in 1911 a

variety of provincial warlords had seized power and were contending with one another. Tagore begged General Ch'i to desist from fighting, "for the sake not only of China but of Asia and all of humanity." The general, having served champagne to all present, told the poet that he, too, was "at heart a believer in peace." Five months later, General Ch'i renewed his attack on the warlord of Chekiang.

*

The warlord who controlled Shansi province, General Yen Hsi-chen, had earned fame as the "Model Governor" because of his efforts to modernise without uprooting the traditional Confucian social order. Indeed, in his concern for the moral reformation of his people, his dislike for industries and large cities, and his conviction that he was a latter-day sage whose mission it was to regenerate mankind, Yen resembled Tagore.

"I have come, Your Excellency," Tagore said, "to propose to you some way of blending our ideals so that some great civilisation may again be the outcome of this meeting of the ideals of India and those of China." The Model Governor replied: "The present material civilisation has developed greatly, and if once again our moral civilisation could gain control of the material it would be so much the better for all of us."

*

Even as the poet talked (in Peking) he must have noticed young men circulating through the seated crowd handing out copies of a printed handbill. Perhaps he knew that this leaflet was a broadside attack on his message to China, for such handbills had been passed out in Nanking and Shanghai also. There was opposition to the poet on



Photo:Thierry

In the end, they didn't listen

four grounds: that he was a pacifist, was against machinery, talked about the soul, and was not a Communist. Tagore was deeply disturbed. "These people are *determined* to misunderstand me," he declared angrily.

In Hankow (a bustling commercial hub dubbed "the Chicago of China") young men shouted in Chinese, "Go back, slave from a lost country! We don't want philosophy, we want materialism!" and waved placards with these same slogans.

*

Editorials from Chinese-language newspapers contain considerable scepticism concerning Tagore's ideas and their relevance to Chinese conditions. The *She-hui jih-pao* (Society Daily) in Peking discounted the idea that Tagore had any serious purpose in mind at all: "He comes to China for sight-seeing, as he is an admirer of our country. He expresses his opinions, but he has no political and religious aims, nor any propaganda to be conducted here in China". Therefore it was senseless either to praise or oppose his ideas.

From Shanghai, the *Shen pao* (Chinese daily news) vehemently rejected his message: "We cannot live without the benefits of material civilisation. To neglect them would mean that all our four hundred million people would be the victims of the material civilisation of other peoples. Would this not be terrible?"

*

Articles, leaflets, and student demonstrators—these were the principal weapons employed in the Chinese Communist Party's anti-Tagore campaign. A lesser, but still quite damaging instrument was "The Dagger", the closing section of the Party's weekly Guide. It was thrust no less than thirteen times at the Indian protagonist.

The first thrust set the jibing tone for those that followed. "When Tagore came to China, some people started a Drive Away the Elephant Party to

oppose him," Ch'en Tu-hsiu remarked approvingly:

It is very appropriate to use the elephant as a symbol for the character of Oriental peoples. The elephant is so large and self-important, but actually he can do nothing. Even though he is so large, he obediently accepts the commands of the elephant boy. He kneels down, and bows subserviently without knowing any shame. When his skin is broken, when he bleeds, he still knows no pain. Among all animals, there is none other who is so large and so numb."

"Drive out the elephant!" became one of the cries used in the anti-Tagore demonstrations in Peking and Hankow. Ch'en also seems to have been the originator of the taunt that Tagore came to China some thousand years too late, the great age of Chinese Buddhism being irrevocably past.

Tagore later noted that the Communists were his harshest critics in China, but he judged them to be a "very small" section of the population and concluded, "for all that China received my message warmly." He was nettled, nevertheless, to the point of canceling the last half of the series of lectures he had come to deliver. If the Communists were such a small group, why had their hostility wounded him so deeply? One answer might be that they were particularly influential among the students, the very sector of the educated class the Indian poet wanted most to impress.

*

In less than seven weeks, he had lectured in the country's largest city (Shanghai), its nominal political capital (Peking), and in five of its twenty-four provincial capitals. He had talked with students and scholars, actors and artists, generals and politicians, poets, religious leaders, and an emperor. Almost everywhere the general public had received him well. Many students had seemed receptive to his ideas, though he could not always be sure how much they had understood his English, or how faithfully and fully his translators had rendered his words into Chinese. Dissident voices had made themselves heard, however, and their chorus of disapproval grew louder as the poet's tour of China progressed.

For his own part, Tagore admitted that he might have entertained a romanticised view of China, a "vision" formed in his imagination when he was reading the *Arabian Nights* and amplified by his impressions of the Chinese paintings he had seen in Japan.

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